



Reprinted
March 27, 2007

ENGROSSED SENATE BILL No. 254

DIGEST OF SB 254 (Updated March 26, 2007 2:42 pm - DI 114)

Citations Affected: IC 8-22.

Synopsis: Airport authorities. Provides that the Evansville-Vanderburgh County airport authority and any county contiguous to Vanderburgh County may enter into a cooperative agreement involving any functions of the authority. Allows certain excess property tax proceeds to be allocated by the board of an airport authority to pay: (1) principal and interest payments on a loan contract; and (2) expenses incurred for a qualified airport development project in the airport development zone.

Effective: Upon passage; July 1, 2007.

Becker, Riegsecker, Deig

(HOUSE SPONSORS — VAN HAAFTEN, CROUCH)

January 11, 2007, read first time and referred to Committee on Commerce, Public Policy & Interstate Cooperation.

January 25, 2007, reported favorably — Do Pass.

January 29, 2007, read second time, ordered engrossed. Engrossed.

January 30, 2007, read third time, passed. Yeas 49, nays 0.

HOUSE ACTION

February 26, 2007, read first time and referred to Committee on Local Government.

March 15, 2007, reported — Do Pass.

March 20, 2007, read second time, amended, ordered engrossed.

March 21, 2007, engrossed.

March 26, 2007, read third time, recommitted to Committee of One, amended; passed. Yeas 92, nays 0.

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ES 254—LS 7036/DI 114+



First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

ENGROSSED SENATE BILL No. 254

A BILL FOR AN ACT to amend the Indiana Code concerning local government.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 8-22-3-6.5 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]: **Sec. 6.5. (a) This section applies only to an**
4 **authority that was established under IC 19-6-3 (before its repeal on**
5 **April 1, 1980).**
6 **(b) As used in this section, "cooperative agreement" means an**
7 **agreement entered into by the authority and an eligible county**
8 **under subsection (d).**
9 **(c) As used in this section, "eligible county" means a county that**
10 **is contiguous to the county in which the authority has jurisdiction.**
11 **(d) The authority and an eligible county may enter into a**
12 **cooperative agreement concerning the operations, functions,**
13 **projects, activities, funding, or capital expenditures of the**
14 **authority under this chapter or IC 8-22-3.5.**
15 **(e) A cooperative agreement must provide for the following:**
16 **(1) The appointment to the board of the authority of one (1)**
17 **or more additional members, including advisory members,**

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representing the eligible county.

(2) The duration of the cooperative agreement.

(3) The purpose of the cooperative agreement.

(4) The manner of financing, staffing, and supplying a joint undertaking under the cooperative agreement.

(5) Establishing and maintaining a budget for a joint undertaking under the cooperative agreement.

(6) The partial or complete termination of the cooperative agreement.

(7) Any other matters the authority and the eligible county determine are necessary or desirable.

(f) A cooperative agreement may provide for the following:

(1) A trial period, not to exceed three (3) years, during which the eligible county:

(A) may cooperate in an advisory capacity; and

(B) may not be required to participate in financing activities under the cooperative agreement.

(2) The establishment of a separately appointed board to administer the cooperative agreement following the conclusion of the trial period described in subdivision (1).

(g) A proposed cooperative agreement must be approved by the:

(1) executive; and

(2) fiscal body;

of the eligible county before the eligible county may enter into the cooperative agreement.

(h) A cooperative agreement entered into under this section is not subject to IC 36-1-7.

(i) The general assembly finds the following:

(1) The authority and all eligible counties face unique and distinct challenges and opportunities related to transportation and economic development that are different in scope and type from those faced by other units of local government in Indiana due to:

(A) the status of the authority and the eligible counties in relationship to the southwest extension of Interstate Highway 69;

(B) the distance of the authority and the eligible counties from other major centers of commerce, industry, and economic activity in the state; and

(C) the relative inaccessibility of southwest Indiana to markets.

(2) A unique approach is required to fully take advantage of

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1 **the economic development potential of the authority and an**
 2 **eligible county.**

3 SECTION 2. IC 8-22-3.5-9, AS AMENDED BY P.L.124-2006,
 4 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 5 JULY 1, 2007]: Sec. 9. (a) As used in this section, "base assessed
 6 value" means:

7 (1) the net assessed value of all the tangible property as finally
 8 determined for the assessment date immediately preceding the
 9 effective date of the allocation provision of the commission's
 10 resolution adopted under section 5 or 9.5 of this chapter,
 11 notwithstanding the date of the final action taken under section 6
 12 of this chapter; plus

13 (2) to the extent it is not included in subdivision (1), the net
 14 assessed value of property that is assessed as residential property
 15 under the rules of the department of local government finance, as
 16 finally determined for any assessment date after the effective date
 17 of the allocation provision.

18 However, subdivision (2) applies only to an airport development zone
 19 established after June 30, 1997, and the portion of an airport
 20 development zone established before June 30, 1997, that is added to an
 21 existing airport development zone.

22 (b) A resolution adopted under section 5 of this chapter and
 23 confirmed under section 6 of this chapter must include a provision with
 24 respect to the allocation and distribution of property taxes for the
 25 purposes and in the manner provided in this section.

26 (c) The allocation provision must:

27 (1) apply to the entire airport development zone; and
 28 (2) require that any property tax on taxable tangible property
 29 subsequently levied by or for the benefit of any public body
 30 entitled to a distribution of property taxes in the airport
 31 development zone be allocated and distributed as provided in
 32 subsections (d) and (e).

33 (d) Except as otherwise provided in this section, the proceeds of the
 34 taxes attributable to the lesser of:

35 (1) the assessed value of the tangible property for the assessment
 36 date with respect to which the allocation and distribution is made;
 37 or
 38 (2) the base assessed value;

39 shall be allocated and, when collected, paid into the funds of the
 40 respective taxing units.

41 (e) All of the property tax proceeds in excess of those described in
 42 subsection (d) shall be allocated to the eligible entity for the airport

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development zone and, when collected, paid into special funds as follows:

(1) The commission may determine that a portion of tax proceeds shall be allocated to a training grant fund to be expended by the commission without appropriation solely for the purpose of reimbursing training expenses incurred by public or private entities in the training of employees for the qualified airport development project.

(2) The commission may determine that a portion of tax proceeds shall be allocated to a debt service fund and dedicated to the payment of principal and interest on revenue bonds **or a loan contract** of the airport authority for a qualified airport development project, to the payment of leases for a qualified airport development project, or to the payment of principal and interest on bonds issued by an eligible entity to pay for qualified airport development projects in the airport development zone or serving the airport development zone.

(3) The commission may determine that a part of the tax proceeds shall be allocated to a project fund and used to pay expenses incurred by the commission for a qualified airport development project that is in the airport development zone or is serving the airport development zone.

~~(3)~~ (4) Except as provided in subsection (f), all remaining tax proceeds after allocations are made under subdivisions (1), ~~and~~ (2), **and (3)** shall be allocated to a project fund and dedicated to the reimbursement of expenditures made by the commission for a qualified airport development project that is in the airport development zone or is serving the airport development zone.

(f) If the tax proceeds allocated to the project fund in subsection (e)(3) exceed the amount necessary to satisfy amounts required under subsection (e), the excess in the project fund over that amount shall be paid to the respective taxing units in the manner prescribed by subsection (d).

(g) When money in the debt service fund and in the project fund is sufficient to pay all outstanding principal and interest (to the earliest date on which the obligations can be redeemed) on revenue bonds issued by the airport authority for the financing of qualified airport development projects, all lease rentals payable on leases of qualified airport development projects, and all costs and expenditures associated with all qualified airport development projects, money in the debt service fund and in the project fund in excess of those amounts shall be paid to the respective taxing units in the manner prescribed by

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1 subsection (d).

2 (h) Property tax proceeds allocable to the debt service fund under
3 subsection (e)(2) must, subject to subsection (g), be irrevocably
4 pledged by the eligible entity for the purpose set forth in subsection
5 (e)(2).

6 (i) Notwithstanding any other law, each assessor shall, upon petition
7 of the commission, reassess the taxable tangible property situated upon
8 or in, or added to, the airport development zone effective on the next
9 assessment date after the petition.

10 (j) Notwithstanding any other law, the assessed value of all taxable
11 tangible property in the airport development zone, for purposes of tax
12 limitation, property tax replacement, and formulation of the budget, tax
13 rate, and tax levy for each political subdivision in which the property
14 is located is the lesser of:

15 (1) the assessed value of the tangible property as valued without
16 regard to this section; or

17 (2) the base assessed value.

18 **SECTION 3. An emergency is declared for this act.**

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SENATE MOTION

Madam President: I move that Senator Riegsecker be added as second author and Senator Deig be added as third author of Senate Bill 254.

BECKER

 COMMITTEE REPORT

Madam President: The Senate Committee on Commerce, Public Policy and Interstate Cooperation, to which was referred Senate Bill No. 254, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is made to Senate Bill 254 as introduced.)

RIEGSECKER, Chairperson

Committee Vote: Yeas 10, Nays 0.

 COMMITTEE REPORT

Mr. Speaker: Your Committee on Local Government, to which was referred Senate Bill 254, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

SMITH V, Chair

Committee Vote: yeas 11, nays 0.

 HOUSE MOTION

Mr. Speaker: I move that Senate Bill 254 be amended to read as follows:

Page 3, between lines 2 and 3, begin a new paragraph and insert:

"SECTION 2. IC 8-22-3.5-9, AS AMENDED BY P.L.124-2006, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9. (a) As used in this section, "base assessed

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value" means:

- (1) the net assessed value of all the tangible property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the commission's resolution adopted under section 5 or 9.5 of this chapter, notwithstanding the date of the final action taken under section 6 of this chapter; plus
- (2) to the extent it is not included in subdivision (1), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.

However, subdivision (2) applies only to an airport development zone established after June 30, 1997, and the portion of an airport development zone established before June 30, 1997, that is added to an existing airport development zone.

(b) A resolution adopted under section 5 of this chapter and confirmed under section 6 of this chapter must include a provision with respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section.

(c) The allocation provision must:

- (1) apply to the entire airport development zone; and
- (2) require that any property tax on taxable tangible property subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes in the airport development zone be allocated and distributed as provided in subsections (d) and (e).

(d) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:

- (1) the assessed value of the tangible property for the assessment date with respect to which the allocation and distribution is made; or
- (2) the base assessed value;

shall be allocated and, when collected, paid into the funds of the respective taxing units.

(e) All of the property tax proceeds in excess of those described in subsection (d) shall be allocated to the eligible entity for the airport development zone and, when collected, paid into special funds as follows:

- (1) The commission may determine that a portion of tax proceeds shall be allocated to a training grant fund to be expended by the commission without appropriation solely for the purpose of

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reimbursing training expenses incurred by public or private entities in the training of employees for the qualified airport development project.

(2) The commission may determine that a portion of tax proceeds shall be allocated to a debt service fund and dedicated to the payment of principal and interest on revenue bonds of the airport authority for a qualified airport development project, to the payment of leases for a qualified airport development project, or to the payment of principal and interest on bonds issued by an eligible entity to pay for qualified airport development projects in the airport development zone or serving the airport development zone.

(3) The tax proceeds shall be allocated to a project fund and used to pay expenses incurred by the commission for a qualified airport development project that is in the airport development zone or is serving the airport development zone.

~~(3)~~ (4) Except as provided in subsection (f), all remaining tax proceeds after allocations are made under subdivisions (1), ~~and~~ (2), ~~and~~ (3) shall be allocated to a project fund and dedicated to the reimbursement of expenditures made by the commission for a qualified airport development project that is in the airport development zone or is serving the airport development zone.

(f) If the tax proceeds allocated to the project fund in subsection (e)(3) exceed the amount necessary to satisfy amounts required under subsection (e), the excess in the project fund over that amount shall be paid to the respective taxing units in the manner prescribed by subsection (d).

(g) When money in the debt service fund and in the project fund is sufficient to pay all outstanding principal and interest (to the earliest date on which the obligations can be redeemed) on revenue bonds issued by the airport authority for the financing of qualified airport development projects, all lease rentals payable on leases of qualified airport development projects, and all costs and expenditures associated with all qualified airport development projects, money in the debt service fund and in the project fund in excess of those amounts shall be paid to the respective taxing units in the manner prescribed by subsection (d).

(h) Property tax proceeds allocable to the debt service fund under subsection (e)(2) must, subject to subsection (g), be irrevocably pledged by the eligible entity for the purpose set forth in subsection (e)(2).

(i) Notwithstanding any other law, each assessor shall, upon petition

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of the commission, reassess the taxable tangible property situated upon or in, or added to, the airport development zone effective on the next assessment date after the petition.

(j) Notwithstanding any other law, the assessed value of all taxable tangible property in the airport development zone, for purposes of tax limitation, property tax replacement, and formulation of the budget, tax rate, and tax levy for each political subdivision in which the property is located is the lesser of:

- (1) the assessed value of the tangible property as valued without regard to this section; or
- (2) the base assessed value."

Renumber all SECTIONS consecutively.

(Reference is to ESB 254 as printed March 16, 2007.)

BROWN C

HOUSE MOTION

Mr. Speaker: Engrossed Senate Bill 254 be recommitted to a Committee of One, its sponsor, with specific instructions to amend as follows:

Page 4, line 11, after "bonds" insert "**or a loan contract**".

Page 4, line 18, after "The" insert "**commission may determine that a part of the**".

(Reference is to ESB 254 as reprinted March 21, 2007.)

VAN HAAFTEN

COMMITTEE REPORT

Mr. Speaker: Your Committee of One, to which was referred Engrossed Senate Bill 254, begs leave to report that said bill has been amended as directed.

VAN HAAFTEN



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